

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

June 24, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

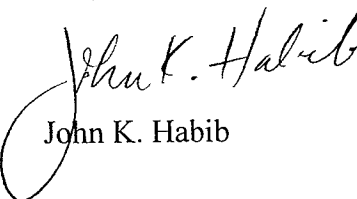
RE: D.T.E. 04-116- Investigation by the Department of Telecommunications and Energy On Its Own Motion Regarding the Service Quality Guidelines Established in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001)

Dear Secretary Cottrell:

Please find attached the responses of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, d/b/a NSTAR Electric and NSTAR Gas Company (together with NSTAR Electric, "NSTAR") to information requests DTE-LDC-3-4 asked by the Department of Telecommunications and Energy in its Third Set of Discovery to All Electric Companies in the above-referenced proceeding. The Company will file its responses to the remaining questions as soon as possible.

Please contact me, Cheryl Kimball or Kerry Britland at NSTAR if you have any questions regarding the filing.

Very truly yours,



John K. Habib

Enclosure

cc: Service List
Jody Stiefel
Joseph Rogers, Assistant Attorney General

Information Request DTE-LDC 3-4

Please comment on the advantages and disadvantages of making CAIDI and CAIFI penalty measures.

Response

The Department appropriately declined to adopt CAIDI as an SQ measure subject to penalty in D.T.E. 99-84 based on the acknowledgment that CAIDI is mathematically derived as SAIDI divided by SAIFI, each of which are already incorporated into the SQ Guidelines as SQ measures subject to penalty. See Service Quality, D.T.E. 99-84, at 12, n.11 (June 29, 2001). Accordingly, to the extent that a company's CAIDI performance was subject to penalty along with its SAIDI and SAIFI performance, a company potentially could be subject to double (or triple) penalties to the extent that one or both of the variable components (SAIDI and SAIFI) of CAIDI resulted in the incurrence of a penalty, in addition to the company's CAIDI performance.

As also noted in D.T.E. 99-84, the Department acknowledged that CAIFI is not widely used in the electricity industry for measuring reliability. In order to include CAIFI as a penalty measure, some distribution companies may have to incur a significant investment to upgrade their systems to track all customers who experienced an outage during the reporting period. Prior to 2004, NSTAR did not track certain data about customers with outages if they did not call to report outage or were not part of a total-circuit outage. Therefore, NSTAR does not have historical data with which to set a benchmark for SQ purposes and suspects that other distribution companies are similarly situated.

The advantages of CAIDI (and CAIFI to the extent that it can be measured) are that they provide insight into the experience of the customers who actually incurred a service interruption during the reporting period, as opposed to the SAIDI and SAIFI indicators that reveal the system-wide service trend by applying the actual results of outage counts and response times across all customers within the service territory. Therefore, the advantage of these measures is to provide a second-tier view of system performance and response, which is why NSTAR measures and communicates its CAIDI performance to all employees on regular basis. Significantly, the Department's current SQ Guidelines capture these benefits by requiring distribution companies to report CAIDI data to the Department, which allows the Department to monitor CAIDI performance on an annual basis.